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Ukraine

Sugar

Sugar Overview

2008

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Report Highlights:

In marketing year 2008/2009, sugar beet sown area decreased by 38 percent. The profitability of sugar beets steeply declined in 2007 and went from returning an 11% profit, to returning a loss of 10% due to overproduction in marketing year 2006/2007 and beet sugar price decreases.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Kiev [UP1]
[UP]

Policy

After WTO accession, the annual calendar year import quota for cane sugar was capped at 260,000 tons. This amount was approved on March 7, 2007 with the passage of Decree # 404.

The Ministry of Economy suggests increasing the sugar import quota to 263,900 tons in 2009 and 267,800 tons in 2010. This proposition is published on Ministry of Economy web-site.

The Ministry of Agriculture increased the subsidy for sugar beets because sown area was low last and this year. According to the Decree #584, issued on June 25 by the Government the sugar beet subsidy has increased from \$117 per ha up to \$160 per ton. The average yield is expected to be 24 tons per hectare.

Production

Sugar Beets

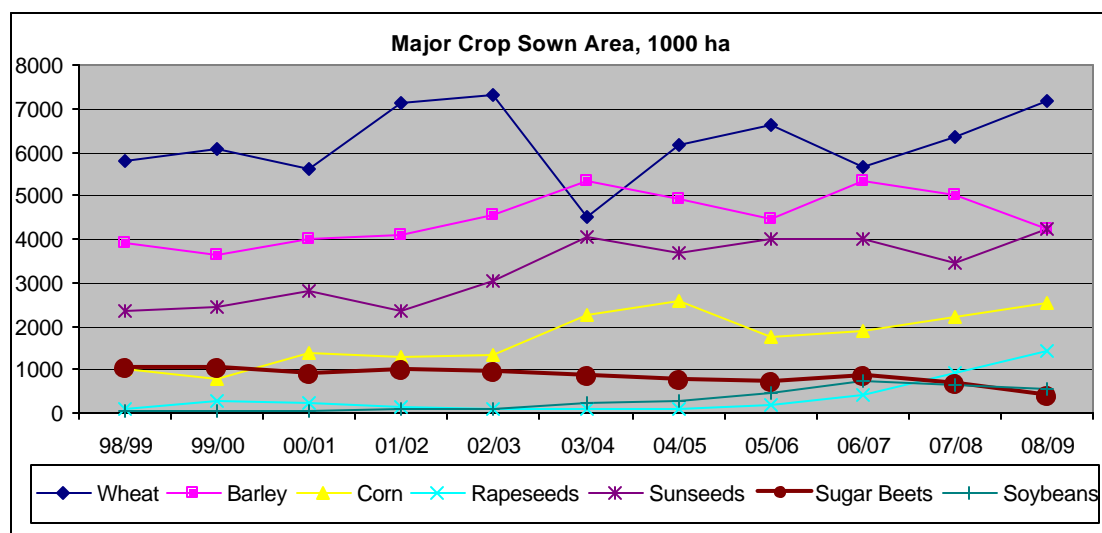
Sugar beet sown area decreased from 635,000 hectares in 2007/2008 to 390,000 hectares this year. The main reason for this sharp decrease is negative profitability of sugar beets production. The decrease in spring 2008 sown areas will result in 9 million tons of sugar beet production with the average yield of 24 tons per hectare compared to 17 million tons last year.

Sugar Beets PSD Table

Sugar Beets Ukraine	2007			2008			2009		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Sep 2006			Market Year Begin: Sep 2007			Market Year Begin: Sep 2008		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	825	825		680	635			390	
Area Harvested	788	788		645	584			370	
Production	22420	22420		14835	17065			9000	
Total Supply	22420	22420	0	14835	17065	0		9000	0
Utilization for Sugar	22420	22420		14835	17065			9000	
Utilizatr for Alcohol	0	0		0	0			0	
Total Distribution	22420	22420	0	14835	17065	0		9000	0

Profitability of Main Agricultural Crops (% Change)

	Grain	Sunflower Seeds	Sugar Beets
2000	64.8	52.2	6.1
2001	43.3	68.7	1.5
2002	19.3	77.9	-8.6
2003	45.8	64.3	6.2
2004	20.1	45.2	-0.8
2005	3.1	24.3	4.8
2006	7.4	20.7	11.1
2007	28.0	75.0	-10.0



Sugar

The decrease followed the highest sugar beet crop (marketing year 2006/2007) recorded over the past 10 years. MY 2006/2007 sugar overproduction resulted in excess supply in marketing year 2006/2007 and 2007/2008. Ukraine does not export sugar and was unable to consume all of the 2,850,000 tons of raw sugar produced that year. As a consequence, ending stocks were the highest level in the past 10 years.

Sugar production will decrease by 35% down to 1.3 million tons compared to 2.0 million tons last year.

Sugar PSD Table

Sugar, Centrifugal Ukraine	2007			2008			2009		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Beginning Stocks	125	125	125	785	785	0	795	535	0
Beet Sugar Production	2850	2850		2010	2010		2000	1300	
Cane Sugar Production	0	0		0	0		0	0	
Total Sugar Production	2850	2850	0	2010	2010	0	2000	1300	0
Raw Imports	10	10		260	260		250	260	
Refined Imp.(Raw Val)	10	10		50	10		50	50	
Total Imports	20	20		310	310		300	310	
Total Supply	2995	2995	125	3105	3105	0	3095	2145	0
Raw Exports	0	0		0	0		0	0	
Refined Exp.(Raw Val)	10	10		10	10		10	10	
Total Exports	10	10	0	10	10	0	10	10	0
Human Dom. Consumption	2200	2200		2300	2300		2400	2100	
Other Disappearance	0	0		0	0		0	0	
Total Use	2200	2200	0	2300	2300	0	2400	2100	0
Ending Stocks	785	785		795	795		685	35	
Total Distribution	2995	2995	0	3105	3105	0	3095	2145	0

Trade**Imports**

No sugar beets were imported into Ukraine this year.

Sugar Beet Imports (HS121291), Tons

Country	Oct 05-Sep 06	Oct 06-Sep 07	Oct 07-May 08
Belarus	71,389	14,778	0
Poland	24,984	5,278	0
Lithuania	19,993	15,749	0
Total	116,366	35,805	0

Source: State Customs Committee of Ukraine

The import of raw cane sugar may increase in marketing year 2008/2009, post-WTO membership. After WTO accession, the annual calendar year import quota for cane sugar has been set at 260,000 tons. The expectation is that because of Ukraine is access into WTO, up to 260,000 tons of cane sugar may be imported during marketing year 2007/2008 despite the high carry over that is forecasted. Importers prefer to import raw cane sugar to Ukraine because the profitability of cane sugar is much higher than for beet sugar.

Imports of Raw Cane Sugar (HS 170111), 1,000 Tons

Country	Oct 03-Sep 04	Oct 04-Sep 05	Oct 05-Sep 06	Oct 06-Sep 07	Oct 07- May 08
Brazil	269	159	26	6,783	1,107
El Salvador	20	0	12	0	0
Guatemala	39	0	1	0	0
United States	22	0	0	0	0
Peru	14	0	0	0	0
Anguilla	10	0	0	0	0
Estonia	53	0	0	0	0
Germany	0	0	0	0	0
Belarus	21	0	0	0	0
Colombia	2	0	0	0	0
Cuba	45	0	0	0	0
Total	495	159	39	6,7	1,1

Source: State Customs Committee of Ukraine

Imports of Refined Sugar Raw (HS 170199), 1,000 Tons

Country	Oct 03-Sep 04	Oct 04-Sep 05	Oct 05-Sep 06	Oct 06-Sep 07	Oct 07-May 08
Kazakhstan	6	14	33	3.8	0
Poland	14	12	1	0	0
Denmark	0	0	1	0.7	0.5
Lithuania	16	26	0	0	0
United States	0	9	0	0	0
Georgia	13	0	0	0	0
Estonia	2	0	0	0	0

Russia	10	0	0	0	0
Belarus				4.6	29
Total	62	61	35	9	30

Source: State Customs Committee of Ukraine

Exports

Exports of Refined Raw Sugar are zero this year.

Exports of Refined Sugar Raw (HS 170199), 1,000 Tons

Country	Oct 03-Sep 04	Oct 04-Sep 05	Oct 05-Sep 06	Oct 06-Sep 07	Oct 07-May 08
Kazakhstan	10	0	14	1	0
Azerbaijan	56	0	10	0	0
Georgia	43	1	5	0.2	0
Moldova	107	36	1	0	0
Poland	0	10	1	0	0
Russia	3	0	0	0	0
Estonia	2	0	0	0	0
Virgin Islands	1	0	0	0	0
Afghanistan	4	4	0	0	0
Armenia	12	0	0	0	0
Uzbekistan	1	3	0	0	0
Slovakia	10	0	0	0	0
Tajikistan	1	0	0	0	0
Turkey	59	0	0	0	0
Kyrgyzstan	2	0	0	4.8	0
Total	311	55	31	6	0

Source: State Customs Committee of Ukraine and FAS-Kyiv